Selvita

Consolidated H1 2024 Report

Selvita Capital Group

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01 — Selected financial data

The consolidated financial statements cover the period from January 1, 2024 to June 30, 2024 with comparative period from January 1, 2023 to June 30, 2023.

As of the beginning of 2024, the Group has changed the classification of operating segments. Details in point 1.1.2.

On March 18, 2024, the Group decided to expand its operations by launching a new service area related to the discovery and development of biological drugs located in Wrocław. Details in point 7.1.

On May 6, 2024, the Group concluded a share purchase agreement, thereby acquiring 100% of shares in PozLab sp. z o.o. with its registered office in Poznań (currently in Złotniki). Details in point 1.1.3.

1.1. Main results achieved in the reporting period

1.1.1 Consolidated financial data

The table below presents the consolidated financial data of the Selvita S.A. Group.

Selected financial data presented in the interim report were converted to Euro as follows:

1. Items relating to the profit and loss statement and the cash flow statement were converted using the exchange rate constituting the arithmetic average of the exchange rates, applicable as of the last day of every month in the given period, based on the information published by the National Bank of Poland (NBP):
   - for the period from 01/01/2024 r. – 30/06/2024 r.: PLN 4.3109,
   - for the period from 01/04/2024 r. – 30/06/2024 r.: PLN 4.3007,
   - for the period from 01/01/2023 r. – 30/06/2023 r.: PLN 4.6130,
   - for the period from 01/04/2023 r. – 30/06/2023 r.: PLN 4.5256.

2. Balance sheet items were converted using the average exchange rate announced by the NBP applicable as at the balance sheet date; which were:
   - as of 30 June 2024: PLN 4.3130
   - as of 31 December 2023: PLN 4.3480.

TABLE 1.

The Consolidated financial data of the Selvita S.A. Group – concerning the consolidated balance sheet

Selvita S.A. Group	Consolidated data in PLN thousand		Consolidated data in EUR thousand	
Item	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Total assets	**642,756**	**636,260**	**149,028**	**146,334**
Trade and other receivables	77,277	70,228	17,917	16,152
Investment in subsidiaries not fully consolidated	61,820	63,313	14,334	14,561
Cash and other monetary assets	14,419	52,654	3,343	12,110
Other financial assets	367	311	85	71
Total liabilities	326,689	309,188	75,745	71,110
Long term liabilities	219,896	215,419	50,984	49,554
Short term liabilities	106,793	93,769	24,761	21,566
Equity	**316,067**	**327,071**	**73,282**	**75,223**
Share capital	14,684	14,684	3,405	3,377

TABLE 2.

The Consolidated financial data of the Selvita S.A. Group – concerning the consolidated balance sheet

Selvita S.A. Group	Consolidated data in PLN thousand				Consolidated data in EUR thousand			
Item	From 01.01.2024 to 30.06.2024	From 01.01.2023 to 30.06.2023	From 01.04.2024 to 30.06.2024	From 01.04.2023 to 30.06.2023	From 01.01.2024 to 30.06.2024	From 01.01.2023 to 30.06.2023	From 01.04.2024 to 30.06.2024	From 01.04.2023 to 30.06.2023
Revenues from sales	**156,452**	**178,129**	**80,112**	**87,535**	**36,292**	**38,614**	**18,628**	**19,342**
Revenues from subsidies	1,626	2,779	804	1,615	377	602	187	357
Other operating revenues	277	48	74	-9	64	10	17	-2
Revenues from operating activities	**158,355**	**180,955**	**80,990**	**89,142**	**36,734**	**39,227**	**18,832**	**19,697**
Operating expenses	-166,727	-171,294	-87,280	-83,755	-38,676	-37,133	-20,294	-18,507
Operating expenses (excl. incentive scheme)	-164,521	-162,737	-86,344	-79,601	-38,164	-35,278	-20,077	-17,589
Depreciation	-25,664	-22,097	-13,197	-11,678	-5,953	-4,790	-3,069	-2,580
Depreciation (excl. IFRS 16 impact)	-17,943	-14,733	-9,148	-7,967	-4,162	-3,194	-2,127	-1,760
Incentive program valuation	-2,206	-8,557	-936	-4,154	-512	-1,855	-218	-918
Profit (loss) from operating activities / EBIT	-8,372	9,662	-6,290	5,386	-1,942	2,094	-1,462	1,190
Profit (loss) from operating activities / EBIT (excl. incentive scheme)	**-6,166**	**18,218**	**-5,354**	**9,540**	**-1,430**	**3,949**	**-1,245**	**2,108**
Profit (loss) before income tax	-14,656	11,087	-10,992	8,602	-3,400	2,403	-2,556	1,901
Net profit (loss)	-12,158	10,321	-10,022	7,874	-2,820	2,237	-2,330	1,740
Net profit (loss) (excl. incentive scheme)	**-9,952**	**18,877**	**-9,086**	**12,028**	**-2,309**	**4,092**	**-2,113**	**2,658**

Selvita S.A. Group	Consolidated data in PLN thousand				Consolidated data in EUR thousand			
Item	From 01.01.2024 to 30.06.2024	From 01.01.2023 to 30.06.2023	From 01.04.2024 to 30.06.2024	From 01.04.2023 to 30.06.2023	From 01.01.2024 to 30.06.2024	From 01.01.2023 to 30.06.2023	From 01.04.2024 to 30.06.2024	From 01.04.2023 to 30.06.2023
EBITDA	17,292	31,759	6,908	17,064	4,011	6,885	1,606	3,771
EBITDA (excl. incentive scheme)	**19,498**	**40,316**	**7,844**	**21,218**	**4,523**	**8,739**	**1,824**	**4,688**
Net cash flows from operating activities, from continuing operations	18,652	20,957	157	19,468	4,327	4,543	37	4,302
Net cash flows from investing activities, from continuing operations	-28,948	-30,509	-18,804	-17,330	-6,715	-6,614	-4,372	-3,829
Net cash flows from financing activities, from continuing operations	-28,035	-8,324	-11,032	-2,796	-6,503	-1,804	-2,565	-618
Total net cash flows	-38,331	-34 709	-29 679	-11 640	-8 892	-7 524	-6 901	-2 572
Number of shares (weighted average)	18,355,474	18,355,474	18,355,474	18,355,474	18,355,474	18,355,474	18,355,474	18,355,474
Profit (loss) per share (in PLN)	-0.66	0.56	-0.55	0.43	-0.15	0.12	-0.13	0.09
Diluted profit (loss) per share (in PLN)	-0.66	0.56	-0.55	0.43	-0.15	0.12	-0.13	0.09
Book value per share (in PLN)	17.22	14.68	17.22	14.68	3.99	3.30	3.99	3.30
Diluted book value per share (in PLN)	17.22	14.68	17.22	14.68	3.99	3.30	3.99	3.30
Declared or paid dividend per share (in PLN)	-	–	–	–	–	–	–	–

1.1.2 Change in operating segments

Due to the significant increase in revenues and contracts related to the Group's activities in the area of analytical and regulatory research services in 2023 and the ongoing process of acquiring competences in the area of drug development services, as well as taking into account the integration within the drug discovery department between centers in Poland and Croatia, which does not justify further separate presentation of results between centers that provide identical services, the Group has decided to change the method of presenting operating segments starting from January 1, 2024. In the opinion of the Management Board, financial information in the Drug Discovery Segment and Drug Development Segment, i.e. division based on the type of services provided instead of geographical division, is more valuable and should be the main differentiator of business results in the future. In order to maintain comparability of data, historical periods have been presented according to the new layout - details were presented in the Quarterly Consolidated Report for Q1'2024 in point 2.3.

The previous Segment of Services executed in Croatia is now entirely part of the Drug Discovery Segment, while the Segment of Services executed in Poland is split and included in the respective parts to both segments, namely Drug Discovery and Drug Development.

1.1.3 Closing of agreement on acquisition by Selvita S.A. of 100% shares in PozLab Sp. z o.o.

On May 6, 2024, the Management Board of Selvita S.A. concluded an agreement with Younick Technology Park sp. z o.o. to acquire 100% of shares in PozLab sp. z o.o. ("PozLab") after fulfillment of the conditions specified in the conditional agreement concluded on March 27, 2024 (details in point 7.1). PozLab is a CDMO (Contract Development and Manufacturing Organization). The company was established in 2010 on the grounds of the research and development branch in Poznań closed by the GlaxoSmithKline concern. The company has built competences and offer in three main segments: development of pharmaceutical products (including the production of medicinal products), quality control and microbiological tests. PozLab has approx. 1,700 m2 of high-class laboratories in the YouNick Technology Park in Złotniki near Poznań. It employs over 80 people. Selvita S.A. acquired shares in PozLab for a total price of PLN 25 million, of which PLN 21 million was paid on the transaction closing date. At the date of closing of the transaction, the amount of PLN 4 million was retained by the Company for a period of up to 12 months from the transaction closing date as security for any potential events or claims of third parties against PozLab, enumerated in the preliminary agreement, and for securing settlements related to the price adjustment procedure. The price for the shares was covered from the Company's own funds. PozLab's results will be reported within the Drug Development segment.

On August 9, 2024, the price adjustment amount was agreed upon, which was set at (3,068) thousand PLN (an amount that reduces the contractual price).

1.1.4 Impact of Incentive Scheme on 2021-2024 financial results

On May 17, 2021 a non-diluting Incentive Scheme for 2021-2024 for employees in the form of the right to acquire shares in the Company at a price of 0.19 PLN per share was adopted. Mr. Paweł Przewięźlikowski, – main shareholder of the Company, undertook to transfer to the Company, free of charge, the shares constituting the subject of the program with an order to release them to the company's employees in the total number of 1,247,720. The fair value of the granted shares is determined as at the grant date and recognized over the vesting period in remuneration costs in correspondence with the increase in equity at the time of vesting by employees during the program period. In 2024, no shares were distributed under the Program.

The valuation of the program, with regards to the shares currently issued to employees as of June 30, 2024, indicated the total estimated cost of PLN 78,021 thousand, which is recognized in the Group's expenses starting the second quarter of 2021 to the second quarter of 2026. The impact of the program on the reporting period result is PLN 2,206 thousand and this amount reduces the gross result, net result, EBIT and EBITDA in the first half of 2024 (the details are presented in the table below along with the disclosure of its impact on the balance sheet). The estimated impact on the whole current year and the following years is as follows:

- 2024: PLN 3,172 thousand,
- 2025: PLN 902 thousand,
- 2026: 128 thousand.

TABLE 3.

The impact of the valuation of incentive scheme on consolidated statement of comprehensive income in H1 2024 in PLN thousand

Item	From 01.01.2024 to 30.06.2024 including incentive scheme	incentive scheme valuation	From 01.01.2024 to 30.06.2024 excluding incentive scheme
Operating expenses	-166,727		-164,521
EBIT	-8,372		-6,166
Gross loss	-14,656	2,206	-12,450
Net loss	-12,158		-9,952
EBITDA from continuing operations	17,292		19,498

TABLE 4.

The impact of the valuation of incentive program on consolidated statement of financial position in H1 2024 in PLN thousand

Item	As of 30.06.2024 including incentive scheme	incentive scheme valuation	As of 30.06.2024 excluding incentive scheme
Equity, incl:	**316,067**	**0**	**316,067**
Other reserve capitals	76,264	-2,206	74,058
Net profit	-12,158	2,206	-9,952

A detailed description of the program provided in the Note 19 to the interim condensed consolidated financial statements. At the same time, it is important to point out that in the analysis of individual operating segments no impact on the valuation of the incentive scheme was taken due to the one-off and non-cash nature of this event. ●

02 — Management Board's comments on financial results

TABLE 5.
Selvita S.A. Group – continuing operations

Data in PLN thousand	From 01.01.2024 to 30.06.2024	From 01.01.2023 to 30.06.2023	From 01.04.2024 to 30.06.2024	From 01.04.2023 to 30.06.2023
Revenue – organic, including:	**156,986**	**180,954**	**79,620**	**89,141**
Drug Discovery Segment	120,057	143,359	62,964	70,501
Drug Development Segment	32,893	31,088	15,078	14,981
Revenues from subsidies	1,499	2,660	733	1,539
Other operating revenue	70	59	43	39
Unallocated revenues from sales of administration services	2,039	3,562	663	2,002
Unallocated revenues - other	432	226	143	79
Exclusions of revenues between segments	-4	-	-4	-
Revenue – Acquired entities*	**1,370**	**-**	**1,370**	**-**
EBIT (excl. incentive scheme) – organic	**-3,452**	**18,219**	**-2,640**	**9,540**
%EBIT (excl. incentive scheme) – organic	-2%	10%	-3%	11%
EBIT – Acquired entities*	**-2,714**	**-**	**-2,714**	**-**
EBITDA (acc. to IFRS16 excl. incentive scheme) - organic	**21,510**	**40,316**	**9,856**	**21,218**
%EBITDA (acc. to IFRS16 excl. incentive scheme) – organic	14%	22%	12%	24%
EBITDA (acc. to IFRS16) – Acquired entities*	**-2,012**	**-**	**-2,012**	**-**
Net profit (excl. incentive scheme)	**-9,952**	**18,878**	**-9,086**	**12,028**
%Net profit (excl. incentive scheme)	-6%	10%	-11%	13%
IFRS16 impact on EBITDA	7,721	7,364	4,050	3,711

*„Acquired entities" relate to the established new branch in Wrocław (reported in the Drug Discovery Segment) and the acquired company PozLab Sp z o.o. (reported in the Drug Development Segment), which are consolidated in the period from April to June in the case of the new branch and in the period from May to June in the case of PozLab Sp. z o.o.

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TABLE 6.
Selvita S.A. Group – continuing operations

Data in PLN thousand	From 01.01.2024 to 30.06.2024	Percentage share	From 01.01.2023 to 30.06.2023	Percentage share
Revenues from external customers	**154,316**	**100%**	**174,447**	**100%**
Biotechnology companies	75,751	49%	91,996	53%
Pharmaceutical companies – Big Pharma*	36,615	24%	31,173	18%
Pharmaceutical companies	26,221	17%	33,469	19%
Academia and Foundations	8,616	6%	8,831	5%
Companies operating in the chemical and agrochemical field	3,624	2%	7,246	4%
Other	3,489	2%	1,731	1%

*Group qualifies Big Pharma as global pharmaceutical companies whose revenues in 2023 exceeded $5 billion.

2.1. Consolidated data excluding incentive scheme impact

In the first half of 2024, Selvita S.A. Capital Group achieved operating revenues of PLN 158,356 thousand, which means a decrease of 12% compared to the same period of the previous year, when revenues amounted to PLN 180,954 thousand. Approximately half of the decrease is due to the strengthening of the złoty, which reduced the Group's comparable revenues by an estimated 5.6 p.p., or approximately PLN 10.2 million.

The Group recognized an increase in revenues in the Drug Development segment with a simultaneous decrease in revenues from Drug Discovery services. In the first half of 2024, revenues from subsidies decreased by PLN 1,159 thousand compared to the same period of the previous year, from PLN 2,660 thousand to PLN 1,501 thousand.

When analyzing the organic change (excluding the impact of the acquisition of PozLab Sp. z o.o. and the establishment of a new branch in Wrocław) and the value of commercial revenues in both segments between the second and first quarters of the current year, an improvement in contracting as well as an increase in revenue dynamics of 4% from 74.908 thousand PLN to 78.042 thousand PLN is observed.

The EBITDA result of Selvita S.A. Capital Group, at the level of the entire activity after adjusting for the impact of the incentive program, in the first half of 2024 amounted to PLN 19,498 thousand. PLN and is lower by 52% compared to EBITDA for the same period of 2023. The result was mainly affected by: lower contracting in the Drug Discovery segment (the human resources utilization rate was lower by approximately 5.5 p.p. y/y); an increase in operating costs related to the underutilization of existing laboratory space also in the Drug Discovery segment (estimated impact of approximately PLN 0.9 million), a negative impact of an estimated over 2.1 p.p. strengthening of the złoty against other currencies during the year and the results of investments related to establishment of a branch in Wrocław and the acquisition of PozLab with a total negative impact of PLN 2 million. As a result, the EBITDA ratio in the first half of 2024 decreased by 10 p.p. to 12% compared to the same period last year, when it amounted to 22%.

In the first half of 2024, the net loss of the Selvita S.A. Capital Group, after adjusting for the impact of the incentive program, amounted to PLN -9.952 thousand.

The structure of external revenues in the first half of 2024 is dominated by the biotechnology and pharmaceutical industries, whose share in total external revenues amounted to 49% and 41%, respectively. Compared to the same period of 2023, the value of sales to biotechnology companies decreased relative to pharmaceutical companies as a whole, with a noticeable increase in the share of Big Pharma companies. As a result, the share in the revenue mix of pharmaceutical companies increased relative to the share of biotechnology companies. Revenues from Big Pharma companies increase by PLN 5,442 thousand (by 18%) in the first half of this year compared to the same period last year, reaching revenues of PLN 36,614 thousand.

TABLE 7.
Drug Discovery Segment

Data in PLN thousand	From 01.01.2024 to 30.06.2024	From 01.01.2023 to 30.06.2023	From 01.04.2024 to 30.06.2024	From 01.04.2023 to 30.06.2023
Revenue	**121,588**	**146,074**	**63,721**	**72,077**
Revenues from external customers	120,057	143,359	62,964	70,501
Revenues from subsidies	1,461	2,656	714	1,537
Other operating revenue	70	59	43	39
EBIT (excl. incentive scheme) – organic	-8,361	13,272	-3,730	6,863
%EBIT (excl. incentive scheme) - organic	-7%	9%	-6%	10%
EBIT – Acquired entities	**-1,243**	-	**-1,243**	-
EBITDA (acc. to MSSF16) excl. incentive scheme - organic	11,354	31,526	6,098	16,575
%EBITDA (acc. to MSSF16) excl. incentive scheme - organic	9%	22%	10%	23%
EBITDA (acc. to MSSF16) – Acquired entities	-970	-	-970	-
IFRS16 impact on EBITDA	5,559	6,344	2,825	3,183

The Drug Discovery segment in the first half of 2024 recorded a 17% decrease in revenue from PLN 146,074 thousand in the first half of 2023 to PLN 121,588 thousand in the described period.

The EBITDA ratio of organic growth in the first half of 2024 amounted to 9% and decreased compared to the same period of 2023 by 13 p.p. In value terms, the EBITDA ratio decreased from PLN 31,526 thousand to PLN 11,354 thousand in the first six months of 2024, mainly as a result of a decrease in sales volume and the strengthening of the złoty against other currencies, while maintaining operating costs (including human resources) at a level enabling the realization of increases at the time of the assumed improvement in contracting.

For newly established branch in Wrocław, the recorded EBITDA ratio recorded a negative value – PLN 970 thousand in connection with the initial phase of developing this new area of the Group's operations.

The estimated amount of underutilized resources related to laboratory space in the first half of 2024 amounted to approximately PLN 3.7 million (in the first half of last year it was PLN 3.2 million because the Laboratory Services Center in Krakow was comissioned in March 2023).

TABLE 8.

Drug Development Segment

Data in PLN thousand	From 01.01.2024 to 30.06.2024	From 01.01.2023 to 30.06.2023	From 01.04.2024 to 30.06.2024	From 01.04.2023 to 30.06.2023
Revenue – organic	**32,930**	**31,093**	**15,096**	**14,983**
Revenues from external customers	32,889	31,088	15,074	14,981
Revenues from subsidies	37	5	18	2
Between segments	4	0	4	0
EBIT - organic	**4,909**	**4,947**	**1,090**	**2,678**
%EBIT - organic	15%	16%	7%	18%
EBITDA (acc. to MSSF16) – organic	**10,156**	**8,791**	**3,757**	**4,644**
%EBITDA (acc. to MSSF16) - organic	31%	28%	25%	31%
Revenue – Acquired entities*	**1,370**	**-**	**1,370**	**-**
Revenues from external customers	1,366	-	1,366	-
Revenues from subsidies	2	-	2	-
Other operating revenues	2	-	2	-
EBIT – Acquired entities*	**-1,471**	**-**	**-1,471**	**-**
%EBIT – Acquired entities*	-107%	-	-107%	-
EBITDA (acc. to MSSF16) – PozLab	**-1,042**	**-**	**-1,042**	**-**
%EBITDA (acc. to MSSF16) - acquired entities PozLab	-76%	-	-76%	-
IFRS16 impact on EBITDA	2,161	1,020	1,224	528

* refers to the period in which the Group has control over PozLab Sp. z o.o., i.e. the period 01.05-30.06.2024

The Drug Development segment continues to perform very well due to high contracting. The order portfolio growth of this segment has been observed since the third quarter of 2021. In the first half of 2024, revenues from services for external clients increased by 6% from PLN 31,088 thousand in the first half of 2023 to PLN 32,889 thousand in the period described.

The EBITDA profitability of this segment in the first half of 2024, excluding the impact of the acquisition of PozLab Sp. z o.o. in May, amounted to 31%, which is comparable to the same period of 2023. The profitability of the operating result in the first half of 2024 also remains at a comparable level to the same period of 2023.

The nominal value of PozLab's EBITDA in the first half of 2024 was negative at PLN 1,042 thousand. PLN, which is related to the concentration of activities on the operational integration and its adoption to the quality standard applicable in the Selvita Group structures and lower sales in the first months after joining the Group.

TABLE 9.

Selvita S.A. Group – Discontinued operations Ardigen

Data in PLN thousand	From 01.01.2024 to 30.06.2024*	From 01.01.2023 to 30.06.2023*	From 01.04.2024 to 30.06.2024*	From 01.04.2023 to 30.06.2023*
Revenue	**21,736**	**25,731**	**10,310**	**12,088**
Revenues from external customers	21,662	24,897	10,249	12,006
Revenues from subsidies	49	817	49	82
Other operating revenue	25	17	12	4
EBIT	**-1,350**	**-415**	**-1,080**	**-347**
%EBIT	-6%	-2%	-10%	-3%
EBITDA (acc. to MSSF16)	**-685**	**267**	**-755**	**1**
%EBITDA (acc. to MSSF16)	-3%	1%	-7%	0%
Net profit	**-707**	**-978**	**-412**	**-663**
% Net profit	-3%	-4%	-4%	-5%
IFRS16 impact on EBITDA	343	305	178	159
Net (Loss) **	**-1,493**	**-457**	**-773**	**-310**

* Supplementary data on discontinued operations not consolidated in the financial statements due to the loss of control over this segment from January 1st, 2023 (excluding depreciation of identified assets at the date of losing control)

** included in the consolidated financial statements under "Share of profit/loss from associated entities valued using the equity method".

The Ardigen segment (unconsolidated operations since 01/01/2023), i.e. the subsidiary Ardigen S.A. (together with Ardigen Inc.), achieved revenues from external customers of PLN 21,662 thousand in the first half of 2024, which means a 13% decrease compared to revenues achieved in the previous year, which amounted to PLN 24,897 thousand. In the first half of 2024, this segment incurred an operating loss of PLN 1,350 thousand, compared to an operating loss of PLN 415 thousand in the same period of the previous year, which results mainly from lower sales achieved on a demanding market, cost inflation not fully passed on to external customers and a significant investment in the development of foreign sales. The above also resulted in a decrease in EBITDA, which amounted to -3% in the analyzed period.

2.2. Contracted (Backlog)

TABLE 10.
Backlog *

Item	For 2024 as of Sep 25, 20234	For 2022 as of Sep 25, 2023	Change	Change %
Drug Discovery Segment	233,068	252,065	-18,997	-8%
Drug Development Segment	72,235	62,215	10,020	16%
Total organic growth of commercial revenues	**305,303**	**314,280**	**-8,977**	**-3%**
Grants	4,113	4,506	-393	-9%
PozLab Sp. z o.o.**	6,117	-	6,117	100%
Total Selvita Capital Group from continued operations	**315,533**	**318,786**	**-3,253**	**-1%**

* Backlog includes the revenues already invoiced in a given year and 2024 portfolio of orders.

** From the perspective of the Capital Group, backlog includes revenues starting from the date of gaining control of PozLab Sp. z o.o. i.e., from May 6, 2024 and 2024 portfolio of orders.

The total of the contracted order portfolio for 2024, resulting from commercial contracts and grant agreements signed as of September 20, 2024, amounts to PLN 315,533 thousand and is -1% lower than the backlog published on September 25, 2023 for 2023.

The value of the contracted order portfolio for the second half of 2024 includes commercial revenues and Pozlab sp. z o.o revenues. amounts to PLN 157,109 thousand.

The backlog dynamics after normalizing the negative impact of the strengthening of the złoty against foreign currencies would be +4%.

The lower backlog dynamics observed in the Drug Discovery Segment is the result of the continuing more difficult market environment, i.e. access to financing for biotechnology companies, in particular in the United States, which makes these companies more cautious in spending their R&D budgets. The Group observes an improvement in contracting in this segment, as the current backlog for the second half of the year is 4 p.p. higher than a year ago, and when we compare this 4% dynamics with that achieved for the first half of 2024, we see an improvement of 20 p.p. between the half-years.

In the drug development segment, we observe continued solid organic contract growth of 16% year-on- year.

TABLE 11.

Backlog#

Item	For 2024 as of Sep 20, 2024	For 2023 as of Sep 20, 2023	Change	Change %
PozLab sp. z o.o.#	**11,837**	**13,167**	**-1,330**	**-10%**

From the perspective of standalone legal entity. Backlog includes the revenues already invoiced in a given year and 2024 portfolio of orders.

The value of the contracted order portfolio for 2024 of the PozLab company shows a decrease of 10% year-on-year.

In the case of the Ardigen segment, we observe a downward dynamics of the backlog by -14% year-on-year from PLN 49,220 thousand to PLN 42,103 thousand.

TABLE 12.

Next year backlog

Item	For 2025 as of Sep 20, 2024	For 2024 as of Sep 25, 2023	Change	Change %
Drug Discovery Segment	58,211	49,151	9,060	18%
Drug Development Segment	16,203	11,724	4,479	38%
Grants	6,643	1,850	4,793	259%
Total organic growth of backlog	81,057	62,725	18,332	29%
PozLab Sp. z o.o.	1,900	-	1,900	100%
Total Selvita Capital Group from continued operations	**82,957**	**62,725**	**20,232**	**32%**

A significant part of the contracts concluded by the Group in the last two quarters concerns works to be completed in 2025. In view of the above, the value of the current backlog of signed contracts for 2025 amounts to PLN 82,957 thousand and is higher by 32% when looking at the value of contracting for 2024 at a comparable point in 2023. ●

03 — The group's assets and the structure of assets and liabilities

3.1. Consolidated data

The value of Selvita S.A. Capital Group assets at the end of June 2024 amounted to PLN 642,756 thousand. At the end of June 2024, the most significant items of current assets were short-term receivables amounting to PLN 77,547 thousand and cash amounting to PLN 14,419 thousand. The decrease in cash results from significant cash flows related to investment activities, in particular the acquisition of shares in PozLab Sp. z o.o., servicing financial liabilities, which exceeded positive cash flows from operating activities.

Fixed assets are mostly the Laboratory Services Center in Kraków, laboratory equipment, recognized assets under the right of use, goodwill, investment in Ardigen and deferred income tax assets. The value of fixed assets increased by PLN 37,726 thousand compared to December 31, 2023. PLN, mainly as a result of an increase in assets from the right of use as a result of extending agreements for the lease of laboratory space, recognizing agreements for the lease of space rented by PozLab Sp. z o.o. and the acquisition of laboratory equipment, including that acquired as part of the acquisition of control over PozLab Sp. z o.o.

TABLE 13.

The assets structure demonstrates the Group's high financial liquidity, which is confirmed by the following ratios:

	30.06.2024	31.12.2023
Current ratio current assets/current liabilities including short-term provisions and deferred revenues (excl. accruals)	1.22	1.80
Quick ratio (current assets-inventory)/current liabilities including short-term provisions and deferred revenues (excl. accruals)	1.14	1.72

In the liabilities of the balance sheet, one of the largest values is equity, which as of June 30, 2024 amounted to PLN 316,067 thousand. Its decrease compared to the end of 2023 is the effect of the net loss incurred in the first half of 2024 and negative values of exchange differences from the translation of foreign units.

Another significant source of financing are long-term liabilities, which at the end of June 2024 amounted to PLN 219,896 thousand. The largest value items of long-term liabilities are: loans and bank credits in the amount of PLN 104,954 thousand and leasing liabilities in the amount of PLN 75,412 thousand. Short-term liabilities amounted to PLN 106,793 thousand at the end of June 2024 compared to PLN 93,769 thousand at the end of December 2023, which is mainly due to the higher level of trade liabilities. ●

04 — Current and projected financial condition

The Group's financial situation at the time of preparation of the report is good. As of June 30, 2024, the value of the Group's cash amounted to PLN 14,419 thousand, while as of September 19, 2024, the value of the Selvita S.A. Capital Group's cash amounted to PLN 18,500 thousand. The change in the cash position compared to June 30, 2024 results from the Group's operating activities.

The Group is currently fulfilling its obligations and maintaining a safe level of cash that allows it to maintain liquidity. Cash generated from operating activities allows for the implementation of planned investments, including the expansion of laboratory infrastructure.

05 — Significant off-balance sheet items

Significant off-balance sheet items are described in the Note 20 to the mid-year consolidated financial statements. ●

06 — Explanation of differences between the financial results disclosed in the half year report and previously published forecasts of the financial results

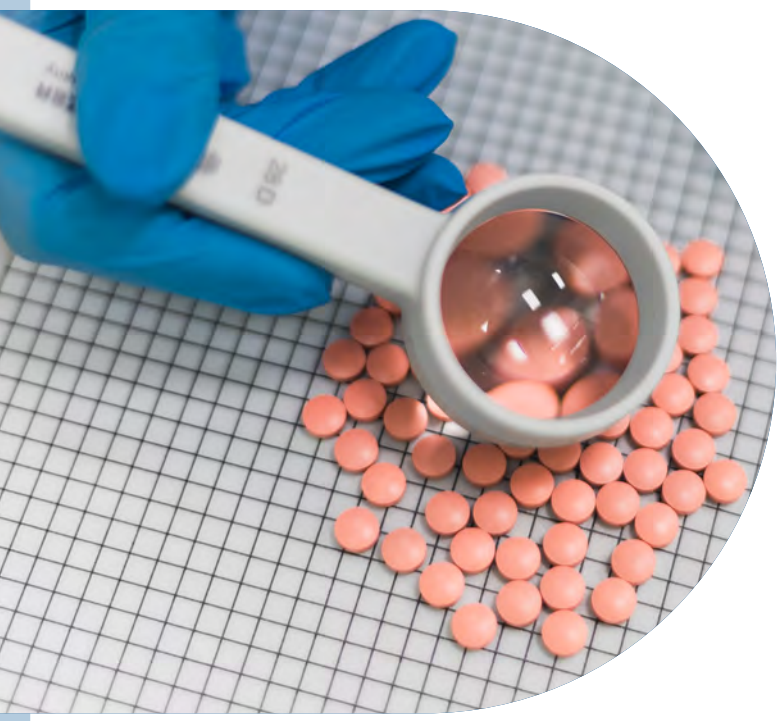
The Issuer has not published financial forecasts for the first half of 2024. ●

07 — Significant events in reporting period

7.1. Significant events in reporting period

Selvita S.A. expands operations through introduction of new type of services related to biologic drug discovery and development

The Management Board of Selvita S.A., on March 18, 2024, adopted a resolution regarding the expansion of the Company's operations through the introduction of a new type of services related to the discovery and development of biologic drugs. The Company's objective is to broaden its services portfolio and create entirely new revenue streams. The new activity in the field of biologic drugs will enable the Company to address the second-largest segment of the drug discovery market, after small molecule drugs. The Company plans to commence its operations in the biologic drugs field by providing services related to the preclinical development of monoclonal antibodies.



In connection with the planned entry into the new service area, Selvita entered into a conditional equipment purchase agreement on March 18, 2024, with Pure Biologics S.A. headquartered in Wrocław, Poland. Under this agreement for the amount of PLN 1,976,138 net, Selvita in April 2024 acquired a set of high-quality equipment necessary to provide services related, among others, to the selection and preclinical development of biologic antibodies ("Equipment").

On March 15, 2024, the Company also concluded – conditioned by Consent – a 5-year lease agreement ("Agreement") for approximately 430 square meters of laboratory space with the space owner in the Business Garden complex in Wrocław, Vastint Poland sp. z o.o. The Agreement allows the possibility of increasing the laboratory space to approximately 800 square meters. Ultimately, this could create jobs for approximately 50 specialists.

Simultaneously, the Company, based on the previously concluded letters of intent, employed 16 high-class specialists in the field of biologic drug development ("Team"), with extensive experience gained, among others, from Pure Biologics S.A., expressing readiness to enter into employment agreements with Selvita.

The Team, Equipment, and laboratory space are intended to form the foundation for further expansion of Selvita's service portfolio in biologic drugs and the gradual increase in resources in line with the increase of sales in the new area.This area will be reported under the Drug Discovery segment.

Receipt of a significant purchase order

The Company on March 26, 2024 has received four orders to conduct stability tests and sample analyses from the process of purifying a biological drug ("Orders") within the framework of cooperation with a biopharmaceutical company based in Europe ("Client").

The total estimated value of the Orders amounts to 3,689,868 EUR (15,900,748 PLN converted at the average exchange rate of the National Bank of Poland as of March 26, 2024, 1 EUR = 4.3093 PLN). In the year 2024, services amounting to 1,393,840 EUR (6,006,474 PLN converted at the average exchange rate of the National Bank of Poland as of March 26, 2024, 1 EUR = 4.3093 PLN) will be provided under the Orders, thereby increasing the total value of cooperation with the Client in 2024 to amount between 3,653,030 EUR and 5.754.959 EUR (15,742,002 PLN and 24,799,844 PLN converted at the average exchange rate of the National Bank of Poland as of March 26, 2024, 1 EUR = 4.3093 PLN). The final value of services provided under the Orders will depend on the number of batches sent for testing by the Client.

The tests covered by the Orders are crucial for evaluating and confirming the effectiveness of the production process, ensuring the appropriate quality of the product. Additionally, data necessary for the registration of the biological product and confirmation of its stability will be collected under the Orders.

The conditional agreement for the acquisition of 100% of the shares in PozLab sp. z o.o. by Selvita S.A.

On March 27, 2024, Selvita S.A., as the buyer, entered into a preliminary conditional agreement ("Preliminary Agreement") for the acquisition of 100% of the shares ("Shares") in PozLab sp. Z o.o., headquartered in Poznan ("PozLab"), ("Transaction"), with Younick Technology Park sp. Z o.o., headquartered in Złotniki, as the seller ("Seller").

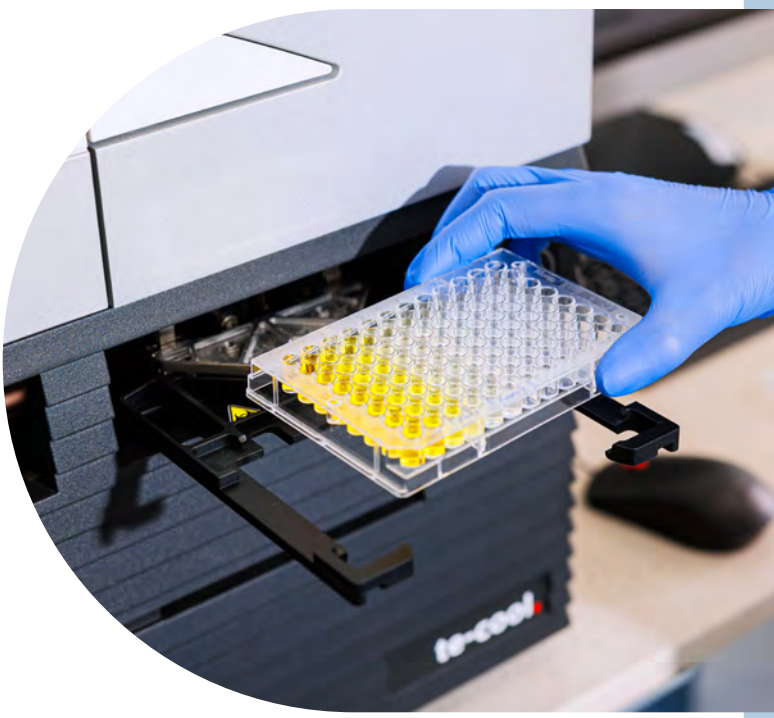
The acquisition of the Shares was financed from the Issuer's own funds. The closing of the Transaction, including the completion of a series of formalities typical for such transactions, payment of the price for the Shares, and the acquisition of PozLab by the Issuer through the conclusion of a promised share purchase agreement, was conditioned upon the fulfillment of the following conditions ("Suspensive Conditions"):

- obtaining the consent of the National Centre for Research and Development (in Polish: Narodowe Centrum Badań i Rozwoju), granted in at least documentary form, for the acquisition of all Shares by the Issuer; and
- completion of the capital restructuring process of the Seller's group by concluding, between PozLab and a third party designated by the Seller, an agreement for the sale of 100% of the shares in Applied Manufacturing Science sp. z o.o., a subsidiary of PozLab.

Receipt of a significant purchase order

The Issuer received on April 11, 2024, an order from a biotech company based in Europe ("Client"), the subject of which is lead optimization, a key stage in the immuno-oncology drug discovery project undertaken by the Client ("Order"). Within the Order, the Issuer will conduct on behalf of the Client integrated drug discovery (IDD) services, covering project management performed by the Issuer's IDD team, medicinal and synthetic chemistry, in vitro pharmacology, ADME (absorption, distribution, metabolism, and excretion) and PK (pharmacokinetic) profiling as well as recombinant protein production. The project's goal within the Order is to obtain a preclinical candidate with a defined target product profile. Works within the scope of the Order will be carried out over the course of 18 months.

The value of the Order is EUR 3,348,577 (which equates to PLN 14,281,346 when converted at the average exchange rate of the National Bank of Poland on April 11, 2024, where 1 EUR = 4.2649 PLN). The Issuer's collaboration with the Client has been ongoing since 2020, and the Order is the largest project undertaken so far by the Issuer for the Client.



Closing of an acquisition of PozLab sp. z o.o. by Selvita S.A.

On May 6, 2024, the Issuer, as the buyer, entered into a purchase agreement ("Agreement", "Transaction") for the acquisition of 100% of the shares ("Shares") in PozLab sp. z o.o., headquartered in Poznan ("PozLab") with Younick Technology Park sp. z o.o., headquartered in Złotniki, as the seller ("Seller"), after the fulfilment of all conditions precedent indicated in the preliminary conditional agreement.

The Issuer acquired PozLab Shares for a total price of PLN 25,000,000, with PLN 21,000,000 paid on the Transaction's closing date. The Issuer will retain the amount of PLN 4,000,000 for a period of up to 12 months from the date of closing the Transaction as security for any, specifically enumerated in the preliminary agreement, events or claims by third parties against PozLab, as well as to secure settlements related to price adjustments (see point 1.1.3.). The acquisition of the Shares was financed from the Issuer's own funds.

Acquisition of CDMO (Contract Development and Manufacturing Organization) will strengthen the Issuer's offering in the field of small molecule drug development and allow it to enter a completely new, highly attractive area related to drug development services for early clinical trials.

Receipt of a significant purchase order by the affiliated company

On May 14, 2024, the company affiliated with the Issuer – Selvita Inc., within the framework of cooperation with a biopharmaceutical company based in the United States ("Client"), has received an order ("Order") to engage entities from the Issuer's capital group ("Selvita") in a fully integrated drug discovery program to assist with the lead optimization of their hit compound.

Team members from Selvita's chemistry, CADD (Computer-Aided Drug Design), in vitro pharmacology, ADME (absorption, distribution, metabolism, and excretion), and PK (pharmacokinetic) profiling, and in vivo pharmacology will play an integral part in this Order to ensure the project goals are met. The goal of the collaboration is to identify a minimum of one primary clinical development candidate within 18 to 24 months, ensuring that the compound has all needed properties to later be proclaimed as a clinic candidate.

The total estimated value of the agreement amounts to USD 2,461,564 (which equates to PLN 9,772,655 when converted at the average exchange rate of the National Bank of Poland on May 14, 2024, where 1 USD = 3.9701 PLN). In 2024, services amounting to USD 1,624,632 (which equates to PLN 6,449,959 when converted at the average exchange rate of the National Bank of Poland on May 14, 2024, where 1 USD = 3.9701 PLN) will be provided under the Order. The final value of services provided under the Order will depend on the resources deployed on the project and the ADME and PK testing completed throughout the project duration.

Receipt of a significant purchase order by the affiliated company

On June 24 2024, the company affiliated with the Issuer – Selvita Inc., received an purchase order ("Order") expanding the scope of existing cooperation under a framework of Master Service Agreement dated September 15, 2023, concluded between Selvita Inc. and one of a largest pharmaceutical company based in the United States ("Client").

The subject matter of the Order, which will be performed from 1 July 2024 until 30 June 2025 is synthetic and medicinal chemistry support for Client's drug-discovery research programs. The Order will be predominantly carried out at the laboratory in Zagreb.

In addition, collaboration with the Client will be extended to include services in the field of in-vitro pharmacology and CADD support, which will be executed in parallel with aforementioned activities.

The project is a continuation and extension of collaboration started with the Client in November 2023. The total estimated value of the Order amounts to USD 3,107,400 (which equates to PLN 12,528,726 when converted at the average exchange rate of the National Bank of Poland on June 24, 2024, where 1 USD = 4.0319 PLN). In the 6 months of 2024, total value of the services delivered to the Client amounted to USD 1,264,112 (which equates to PLN 5,096,775 when converted at the average exchange rate of the National Bank of Poland on June 24, 2024, where 1 USD = 4.0319 PLN) will be provided under the Order.

Receipt of a significant purchase order by the affiliated company

On June 30, 2024, the company affiliated with the Issuer – company Selvita d.o.o., received three purchase orders for research services expanding the scope of existing cooperation under a framework of Master Service Agreement entered into on July 16, 2015, amended on July 18, 2022 (the "Orders") between the Company and one of the world's largest biopharmaceutical companies (the "Client").

The subject of the Orders, which will be executed from July 1, 2024 until July 31, 2025, are integrated ADME/DMPK (absorption, distribution, metabolism and excretion / drug metabolism and pharmacokinetics) support services, including physicochemical profiling services, analytical services and in-vivo PK (pharmacokinetics) studies for large and small molecules to support the Client's research programs. The Orders will be predominantly carried out at the laboratory in Zagreb.

The total value of the agreement amounts to EUR 2,965,000 (which equates to PLN 12,743,867 when converted at the average exchange rate of the National Bank of Poland on July 1, 2024, where 1 EUR = 4.2981 PLN). In 2024, services amounting to EUR 1,235,417 (which equates to PLN 5,309,946 when converted at the average exchange rate of the National Bank of Poland on July 1, 2024, where 1 EUR = 4.2981 PLN) will be provided.

The Orders received represent a continuation of the existing cooperation with the Client. The total value of services performed for the Client in the first six months of 2024 amounted to PLN 22,158,647.

Taking into account the value of the Orders, as well as the fact of continuation of significant cooperation between the Client and the Company, the Issuer's Management Board considers the Orders received to be important for the implementation of the Selvita Group's long-term plans to build a strong position as a leading provider of services in the area of support for drug discovery and development projects, as well as to increase cooperation with pharmaceutical companies.

7.2. Post balance sheet significant events

Receipt of a significant purchase order by the affiliated company

On September 4, 2024, the company affiliated with the Issuer – Selvita Inc., received a purchase order ("Order") within existing cooperation under a framework of Master Service Agreement dated July 30, 2024, concluded between Selvita Inc. and a biotechnology company based in the United States ("Client").

The subject matter of the Order, which will be performed from October 1, 2024, through 12 consecutive months is chemistry support for the Client's research programs.

The total value of the Order amounts to USD 2,115,000 (which equates to PLN 8,193,087 when converted at the average exchange rate of the National Bank of Poland on September 4, 2024, where 1 USD = 3.8738 PLN), while the Client will cover the costs of reagents and materials necessary to complete the Order. The total value of the services to be delivered to the Client in 2025 amounts to USD 1,946,250 (which equates to PLN 7,539,383 when converted at the average exchange rate of the National Bank of Poland on September 4, 2024, where 1 USD = 3.8738 PLN).

7.3. Unusual events occuring in the reporting period

Conflict in Ukraine

Due to the Russian invasion on Ukraine, the Issuer's Management Board has analyzed the potential impact of the ongoing conflict on the Issuer's operations. The Management Board did not identify any significant risks that could affect the Issuer's operations as of the date of this report. In particular, it should be noted that the Issuer does not have any assets in Ukraine, and does not conduct business and operations in Ukraine and Russia. The share of entities from Ukraine, Belarus or Russia as customers and suppliers in the Issuer's structure remains insignificant. Nevertheless, due to risks associated with Russia's actions, including the potential risk of spillover from Russia's current invasion of Ukraine into neighboring countries, and the dynamic and unpredictable nature of the current situation in Ukraine, the Management Board of the Company analyses the Issuer's situation in the context of this geopolitical risk on an ongoing basis. Any new circumstances having a significant impact on the financial results and business situation of the Issuer will be communicated to investors. ●

08 — Management board's information on group's activities

The area of drug discovery

Innovations and Growth in Drug Discovery at Selvita – H1 2024

In the first half of 2024, Selvita's Drug Discovery made significant improvements across multiple departments, driving future innovation, expanding the capabilities of services provided, and strengthening client relationships worldwide. Notable achievements include advancements in pulmonary fibrosis studies, successful collaborations on IBD research, developments of new models in the oncology and obesity field, and efforts in translational research. Support for integrated drug discovery projects for the clients of the Selvita Group was continued, enabling the faster nomination of preclinical candidates in the future.

Selvita's Chemistry Department has developed multiple compounds for global pharmaceutical and biotech firms. At the end of H1, an increase in demand was observed, spurring the initiation of numerous new projects. Across Selvita's research centers, novel compounds with promising therapeutic potential were designed and synthesized through the collaboration of scientists. During this period, Selvita's proprietary advanced AI tool (TADAM model) has been implemented, along with the innovative SLOT and Peptide optimizer platforms. With these developments, the accuracy of predictions was enhanced and the drug discovery process for our clients was accelerated by Selvita's computational chemists. Beyond pharmaceuticals, Selvita's team also worked with agricultural chemicals and novel production techniques.

Selvita Group were focusing on development of the range of services oncology and precision medicine scientific developments by advancing cancer model developments and working on solid and hematological malignancies. A significant highlight was the expansion of Selvita's service portfolio with case studies in leukemia, antibody-drug conjugates (ADCs), and protein degrader platforms. Investments in additional MSD technology and further automation have significantly enhanced our capabilities, enabling more precise and efficient drug development processes.

The imaging and high-content screening (HCS) group developed and optimized assays that enabled the analysis of novel biomarkers in tumor samples, significantly enhancing Selvita's offer in assessing drug efficacy and mechanisms of its action. Selvita Group introduced a kinase panel analysis to our CAR-T cytotoxicity assays, which is essential in developing next-gen-

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eration immunotherapies. Another primary focus was the development of new 3D tumor models, which provide more physiologically relevant systems for drug testing. Selvita has broadened its network of collaborations with hospitals, now covering not only Croatia but also Poland, granting access to patient-derived cancer samples and allowing to develop more clinically relevant models and study biomarkers.

The in vivo oncology team continued to optimize human and mouse models, particularly in enhancing the rate of engraftment and response to treatment. In vivo imaging techniques has been advanced, utilizing ultrasonography with power Doppler mode to assess tumor development and vascularization. Additionally, the Tumour Imager was integrated into Selvita's workflows, automating the measurement of primary tumor volume with unprecedented precision. These innovations improved Selvita's studies' accuracy and opened new avenues for collaborative, multidisciplinary projects. The team's efforts were further recognized at the UK Research & Innovation 2024 Conference, where Selvita's capabilities were presented to an international audience. The in vivo team successfully completed first client study in Kraków.

Immunology and Metabolic Diseases Department has expanded its offer by focusing on respiratory research, applying it to client projects, and presenting its results at international conferences. Notably, the team's work on nebulized aerosol inhalation for lung neutrophilia was awarded the Best Poster Prize at the Fraunhofer Seminar in Hannover. This recognition highlights our commitment to addressing complex respiratory diseases with modern, high-level methodologies.

Within the Selvita Group, complex human tissue-based assays have been developed to refine animal models for fibrosis, gastrointestinal diseases, and metabolic conditions. A significant focus was put on developing assays and case studies using newly acquired cell sorter technology, enhancing Selvita's ability to perform precise, high-throughput testing. Additionally, primary human tissue-based spheroid cultures has been established, providing advanced models for drug testing that closely mimic human physiological conditions. This work is instrumental in supporting the development of novel offerings in fibrosis and obesity. Investments in imaging equipment and assay development made in previous periods have already begun to yield results, with ongoing in vivo imaging studies for multiple clients, complemented by the implementation of novel PET and µCT imaging techniques.

Ongoing efforts in developing a comprehensive platform for obesity and diabetes research incorporate a range of innovative in vivo models to enhance the translational relevance of preclinical studies. These include diet-induced obesity (DIO) models in both mice and rats, as well as the ob/ob mouse model for both acute and chronic setups. For diabetes, multiple models have been established, such as the streptozotocin (STZ)-induced diabetes mellitus type 1 in both mice and rats, and the combination model of high-fat diet (HFD) with STZ-induced type 2 diabetes. Additionally, the platform extends to advanced metabolic phenotyping systems, which allow for comprehensive monitoring of energy expenditure, food and water consumption, and in-cage body weight tracking.

To further support metabolic research, µCT imaging technology has been implemented, enabling high-throughput, high-resolution, whole-body scans for detailed analysis of body composition, including fat/lean ratios, liver steatosis, and fibrosis. This imaging capability enhances the ability to track metabolic changes longitudinally. Furthermore, the research pipeline includes novel in vitro assays, such as adipocyte differentiation and glucose uptake assays, along with studies on fatty acid-induced oxidative stress and insulin resistance.

This integrated approach ensures a highly predictive platform for preclinical metabolic disease research, enabling the provision of comprehensive and accurate data to accelerate the development of obesity and diabetes therapies.

Collaboration with Ardigen contributed to the progress of the study in inflammatory bowel disease (IBD) and the research on transcriptional profiling was presented at the ELRIG meeting. Selvita's presentations at the Adriatic Club for Mucosal Immunology Symposium and the HAB conference in Japan demonstrated Selvita's leadership in translational research, particularly in histopathological evaluation and spatial omics. In the reporting period, a new unit for multi-omics platform building has been set up – for this purpose, substantial investment was made in Mass Spec Imaging (MSI) equipment. With this, Selvita is set to lead in spatial imaging and biomarker discovery.

The approval of three major European grants, totaling €1.6 million, confirms Selvita's scientists commitment to groundbreaking research in oncology, immunology, and metabolic diseases.

Currently, Selvita Group teams are also focused on developing innovative approaches to PK studies. At the same time, in vitro

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ADME tests and bioanalytical teams are focused on implementing methodologies to meet the requirements of new modalities, such as protein degraders and oligonucleotide.

One of the most important events in the reporting period in relation to the development of the Drug Discovery segment of the Selvita Capital Group was the launch of a new area of services related to the discovery and development of biological drugs. The new activity in the area of biological drugs will allow the Company to address the second largest part of the drug discovery market after small molecule drugs. The acquisition of a a modern and very well-equipped laboratory in Wroclaw, Poland, opens a new chapter of integrated, advanced protein-related services. Specializing in therapeutic antibody discovery, the facility unites our strengths in recombinant proteins, structural biology, and antibody discovery under one roof. This expansion broadens Selvita's service offerings and positions Selvita to attract and secure future high-value projects from global clients. In the first months after the acquisition, the Biochemistry team in Krakow, together with the team from Wroclaw, integrated and standardized internal processes, reorganized the laboratory and prepared materials for Clients and case studies. Representatives of the team also participated in several scientific conferences promoting the new area of Selvita's activity.

As progress through 2024 is made, Selvita remains committed to pushing the drug discovery and development boundaries. Investments in technology, expansion of services, and relentless pursuit of innovation drive Selvita Group toward a future filled with promise and potential. With a solid foundation and clear vision, Selvita Group delivers exceptional value to the clients and significantly contribute to the development of their projects.

The area of drug develpoment

In the first half of 2024, the most important event for the Drug Development segment was the finalization of the acquisition and incorporation of PozLab into the department's structures. PozLab site activities concentrated at that time on two key aspects:

- Standard services in the area of Product Development and Investigational Medicinal Product (IMP) manufacture, as well as Quality Control services.
- Integration within Selvita Group following closing of the acquisition on the 6th of May 2024.

In the field of Product Development services, cooperation with the European client was continued for two projects focusing on the development of generic products. Both formulation and analytical development were conducted to execute technology transfer to the client's facility in Q4 2024.

Another product development project was conducted for two European clients, including manufacturing and releasing product batches for clinical trials performed in North America. As the project plan also included manufacture of primary product batches for registration purposes, site GMP license was successfully extended for the manufacture of the bulk marketed medicinal product. The received extension enables PozLab site manufacturing of small size batches of marketed medicinal products also for other customers. Next steps within the project will be planned by the client based on the clinical study results.

Moreover, cooperation with a global client was initiated, and it focuses on supporting a manufacturing site located in Poland in increasing the efficiency of regular production and supply chain. The first project included reformulation feasibility studies and was successfully completed. The cooperation will be continued

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in the second half of 2024, and it is expected to cover further formulation work as well as analytical activities in the area of dissolution studies and impurities profile studies.

In addition, collaboration with a global client was continued, focusing on regular testing of innovative medicinal products during their early development phase using a gastro-intestinal dissolution model. This is a long-term contract initiated in 2011. A substantial increase in the analysis volume is expected since September 2024.

Since May 2024, following the acquisition by Selvita, PozLab entered a complex integration process. The new organizational structure was implemented in May. The key business divisions, i.e., contract Pharmaceutical Development and contract Quality Control, were maintained, while supportive functions, including IT, Procurement, and HR, were integrated within Selvita Group functions to unify business processes.

The key integration activities in May and June covered IT area including IT equipment supply, preparation for the operational systems implementation, as well as controlling system preparation.

In terms of equipment and investments, a new Atomic Absorption Spectrometer (AAS) was purchased and installed for routine GMP testing, replacing the existing older AAS equipment, and a new laminar flow cabinet was installed in the microbiology laboratory. In addition, new HPLC instruments were ordered.

In the first half of 2024, the development laboratories of the Development and Contract Research Department in Krakow, as part of its ongoing collaboration with one of the world's largest pharmaceutical companies operating in the small molecule drug sector, undertook work related to the optimization and validation of analytical methods. Formal stability studies for marketed drugs were initiated for this client. This client also decided to commission Selvita to conduct studies on the characterization of starting materials and additional analyses to confirm product quality following post-registration changes.

In the area of small molecule drug research, cooperation was also continued with a leading innovative client in the field of CMC. Further transfers of analytical packages for various types of therapeutic molecules were contracted.

The team made significant progress in projects related to the analysis of nitrosamines, pyrrolizidine alkaloids, and other genotoxic impurities, as well as in several projects involving the identification of impurities with low detection limits using high-resolution mass spectrometry. The number of projects on determining the content of extractables and leachables substances, residual solvents, glycols, and PAHs (polycyclic aromatic hydrocarbons) has increased. A second GC-MS/MS device was purchased to complete these projects on time.

In the first half of 2024, the Development and Contract Research Department focused primarily on providing specialized services in the field of characterization of biologics, adhering to the International Conference on Harmonization (ICH) guidelines. Notably, the Laboratory consistently carried out orders to analyze HCP proteins using mass spectrometry, an infrequent service in the global market. The Laboratory also enhanced its capabilities by offering services that utilize a range of orthogonal analytical methods to complement the core mass spectrometry platform.

In the field of biological drug services, cooperation with an innovative client in the US market was expanded. This included the analysis of samples from various production sites, product's characterization and stability studies.

Analytical teams initiated work on several projects involving innovative drugs from the peptide and modified peptide groups. Orders from various clients encompassed comprehensive analytical packages, focusing on characterization, development, and qualification of analytical methods, impurity identification, and stability studies. A method for the analysis of residue of antifoaming substances in protein formulations for injection was also developed.

Collaboration with regular clients in proteomic research and lipid-related studies also continued. Additionally, the Laboratory expanded its services by initiating its first projects to confirm sequences and identify modifications in bispecific antibodies. The team's portfolio grew with new projects in oligonucleotide research and potential conjugate drugs, combinations of cytostatic drugs with antibodies (ADC).

In the bioanalytical research domain, the Laboratory maintained ongoing collaborations with existing clients, participating in short—and long-term projects focused on small molecules. Moreover, in the first half of the year, the Laboratory enhanced its equipment list with new instruments, including a high-performance liquid chromatography (HPLC), a multi-angle light scat-

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tering (MALS) instrument, and a refractive index (RI) detector to support projects in the characterization of biological drugs.

Biological Analysis Laboratory focused on the optimization and qualification of new reporter gene assays for two European clients who are developing innovative drugs from the group of peptide vaccines. Another success was the expansion of cooperation with one of the European clients, which included the development of biological methods for new biopharmaceuticals used to treat patients suffering from migraine pain and multiple system atrophy (MSA). Several projects related to binding affinity analysis using SPR (Surface plasmon resonance) technology were also initiated. In the area of drug impurities testing, new projects were performed regarding the quantification of host cell DNA and protein in drug substance samples.

In the range of regulatory and release testing within the Quality Control Laboratory, the most significant projects in small molecule testing focused on transferring in-house methods and implementing pharmacopoeial methods. Cooperation with clients was continued, ensuring the drug was tested at every stage – from raw material analysis and final product testing to stability studies of marketed batches.

Expanding the storage capacity for reference samples of small molecules and biological drugs and integrating the PozLab microbiological laboratory into the company's structure ensured the complementarity of services.

In the area of Quality Control, the PozLab site focused on routine physical and chemical testing of active substances, excipients, and marketed medicinal products, as well as microbiological services, including mainly microbiological purity testing and sterility testing of medicinal products and medical devices. Regular cooperation with existing customers was maintained, and one multinational client was developed for their two locations in Germany, in addition to so far collaboration with their Polish site, all in the area of microbiological testing.

For biological drugs, the focus was on the routine release of biosimilars following the principles of Good Manufacturing Practice (GMP). It should be noted that in response to the growing market demand for the delivery and, consequently, testing of solutions for self-administration of the drug, a device was launched to check the correct functioning of autoinjectors, examining, among others, such parameters as the amount of the delivered drug dose.

In the first half of the year, the transfer of one new product was completed, and the transfer of two more began.

For agrochemical clients, contracts for projects related to physicochemical analysis, including long-term stability studies of formulation, were increased. Cooperation with key clients was expanded to include projects related to the certification of impurities.

Ardigen S.A.

Ardigen is a company from the AI CRO sector operating in AI transformation in drug discovery projects implemented by pharmaceutical and biotechnology companies. The company delivers value on the line between biology and artificial intelligence to increase the likelihood of success in drug discovery processes. With the aid of its platforms, it supports scientists in finding valuable knowledge in large biological and chemical data sets, helping them discover innovative drugs and develop concepts in personalised medicine.

In analytical reports, Ardigen is listed in the top 5% of companies operating on the global AI in Drug Discovery market. Such a high rating is the result of over 8 years of scientific work, the Company's active presence on the American and

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European markets and the implementation of over 400 commercial projects with over 100 clients, including 15 large pharmaceutical companies.

In the first half of 2024, the Company focused its operations on the promotion and sale of its products and services. Ardigen attended 18 conferences in the United States and Western Europe. This was the most intense promotion in the company's history.

The client portfolio expanded by new biotechnology and pharmaceutical companies. The areas of cooperation with existing clients from the segment of large pharmaceutical companies also grew. Thus, the growth strategy is being implemented in a situation when the economic environment in the biotechnology industry is not favourable.

The first half of the year also saw intensive work on the development of internal processes that will guarantee the scaling of the business without losing the high quality for which Ardigen is known on the market. The offer was developed in the field of computing infrastructure, data organisation and integration, bioinformatics analyses and the introduction of artificial intelligence into the drug withdrawal process. Experts in AWS and NVidia technologies were certified. Additionally, own computing infrastructure was expanded and preparations began to move the Company into a new office.

Research and development

Early 2024 marked the engagement of the R&D team in the development of the Ardigen phenAID morphology profiling platform. Work was underway to develop new modules of the Ardigen phenAID platform, including a module for optimising chemical molecules based on phenotypic screening data. In addition, non-commercial cooperation was carried out with a biotechnology company and a research centre aimed at creating a technology component enabling the expansion of the scope of operation of the Ardigen phenAID platform with the capabilities expected by clients.

The Ardigen phenAID platform was presented in the first half of 2024 at the SLAS conferences in Boston (poster presentation presenting the results of the project conducted with a team from the Broad Institute of Harvard and MIT among others,) and Barcelona (poster presentation with the results of the project conducted with a team from the pharmaceutical company Merck KGaA), and Discovery Europe in Basel, where the Ardigen phenAID technology was presented in the form of a speech.

In the Biologics area, commercial projects were carried out using the developed technology to predict and optimise the binding between T cell receptors and therapeutic targets on the surface of cancer cells. One of these projects is continued by our partner, who will carry out laboratory validation of the obtained results.

After a successfully completed pilot project with Immudex company, a cooperation agreement was concluded for the sale of a joint offer in the Biologics area: "Immune Profiling Multi-Omics Data Analysis Services". The offer is targeted at pharmaceutical and biotechnology companies operating in the field of TCR-based cell therapies.

A major success at the end of the first half of the year was the signing of a contract with a biotechnology company to provide in-silico technology enabling the generation and optimisation of therapeutic peptides created in the process of discovering targeted gene therapies.

Additionally, at the Precision Medicine in Inflammatory Bowel Disease Summit in Boston, the results of scientific work in the area of digital histopathology generated during cooperation with Johnson & Johnson were presented. ●

09 — The capital group structure

Parent entity

Business name	**Selvita S.A.**
Registered office	ul. Podole 79, 30-394 Krakow
Company (ID)	383040072
TAX ID (NIP)	6762564595
Legal form	Joint – stock company
KRS Number	0000779822
Website	www.selvita.com

Affiliates

Business name	**Selvita Services spółka z ograniczoną odpowiedzialnością**
Registered office	ul. Bobrzynskiego 14, 30-348 Krakow
Shareholders	100% of shares held by Selvita S.A.
Share capital	290.000 PLN
Establishing date	December 2011

Business name	**Selvita Inc.**
Registered office	Boston, MA, USA
Shareholders	100% of shares held by Selvita S.A.
Share capital	1 USD
Establishing date	March 2015

Business name	**Selvita Ltd.**
Registered office	Cambridge, UK
Shareholders	100% of shares held by Selvita S.A.
Share capital	20.000 GBP
Establishing date	April 2015

Affiliates

Business name	**Selvita d.o.o.**
Registered office	Prilaz baruna Filipovića 29, HR-10000 Zagreb, Croatia
Shareholders	100% of shares held by Selvita S.A.
Share capital	HRK 51.000.000 / EUR 6.768.863,23

Business name	**PozLab Sp. z o.o.**
Registered office	Kobaltowa 6, 62-002 Złotniki
Shareholders	100% of shares held by Selvita S.A.
Share capital	12.350 PLN

10 — Issuer's corporate bodies

Management Board

Bogusław Sieczkowski	President of the Management Board
Miłosz Gruca	Vice President of the Management Board
Mirosława Zydroń	Member of the Management Board
Adrijana Vinter	Member of the Management Board
Dariusz Kurdas	Member of the Management Board
Dawid Radziszewski	Member of the Management Board

Supervisory Board

Piotr Romanowski	Chairman of the Supervisory Board
Tadeusz Wesołowski	Vice Chairman of the Supervisory Board
Paweł Przewięźlikowski	Supervisory Board Member
Rafał Chwast	Supervisory Board Member
Wojciech Chabasiewicz	Supervisory Board Member
Jacek Osowski	Supervisory Board Member

Audit Committee

Rafał Chwast	Chairman of the Audit Committee
Piotr Romanowski	Audit Committee Member
Tadeusz Wesołowski	Audit Committee Member
Wojciech Chabasiewicz	Audit Committee Member

Remuneration Commitee

Paweł Przewięźlikowski	Chairman of the Remuneration Committee
Jacek Osowski	Remuneration Committee Member
Piotr Romanowski	Remuneration Committee Member

During the reporting period there were no changes in Management Board and Supervisory Board. ●

11 — Information on the shareholders holding (directly or indirectly) at least 5% of the total number of votes at the general shareholders' meeting of the company and on shares held by members of the issuer's Management Board and Supervisory Board

TABLE 14.

Shares held by members of the issuer's managerial and supervisory bodies as of june 30, 2024

Shareholder	Preferred shares*	Other series	No. of shares	% of share capital	No. of votes	% votes at GM
Management Board						
Bogusław Sieczkowski	550 000	392 417	**942 417**	5,13%	**1 492 417**	6,83%
Miłosz Gruca	-	60 760	**60 760**	0,33%	**60 760**	0,28%
Mirosława Zydroń	-	42 909	**42 909**	0,23%	**42 909**	0,20%
Adrijana Vinter	-	12 000	**12 000**	0,07%	**12 000**	0,05%
Dawid Radziszewski	-	4 472	**4 472**	0,02%	**4 472**	0,02%
Dariusz Kurdas	-	4 286	**4 286**	0,02%	**4 286**	0,02%
Supervisory Board						
Paweł Przewięźlikowski	2 932 000	38 815	**2 970 815**	16,18%	**5 902 815**	27,03%
Tadeusz Wesołowski (with Augebit FIZ)	-	847 738	**847 738**	4,62%	**847 738**	3,88%
Tadeusz Wesołowski (directly)	-	84 975	**84 975**	0,46%	**84 975**	0,39%
Rafał Chwast	-	121 115	**121 115**	0,66%	**121 115**	0,55%
Piotr Romanowski	-	60 000	**60 000**	0,33%	**60 000**	0,27%

*One preferred share gives the right to two votes at the General Meeting of Selvita S.A.

TABLE 15.

Shares held by members of the issuer's managerial and supervisory bodies

Shareholder	Preferred shares*	Other series	No. of shares	% of share capital	No. of votes	% votes at GM
Management Board						
Bogusław Sieczkowski	550 000	392 417	**942 417**	5,13%	**1 492 417**	6,83%
Miłosz Gruca	-	60 760	**60 760**	0,33%	**60 760**	0,28%
Mirosława Zydroń	-	42 909	**42 909**	0,23%	**42 909**	0,20%
Adrijana Vinter	-	12 000	**12 000**	0,07%	**12 000**	0,05%
Dawid Radziszewski	-	4 472	**4 472**	0,02%	**4 472**	0,02%
Dariusz Kurdas	-	4 286	**4 286**	0,02%	**4 286**	0,02%
Supervisory Board						
Paweł Przewięźlikowski	2 932 000	38 815	**2 970 815**	16,18%	**5 902 815**	27,03%
Tadeusz Wesołowski (with Augebit FIZ)	-	847 738	**847 738**	4,62%	**847 738**	3,88%
Tadeusz Wesołowski (directly)	-	84 975	**84 975**	0,46%	**84 975**	0,39%
Rafał Chwast	-	121 115	**121 115**	0,66%	**121 115**	0,55%
Piotr Romanowski	-	60 000	**60 000**	0,33%	**60 000**	0,27%

* One preferred share gives the right to two votes at the General Meeting of Selvita S.A.

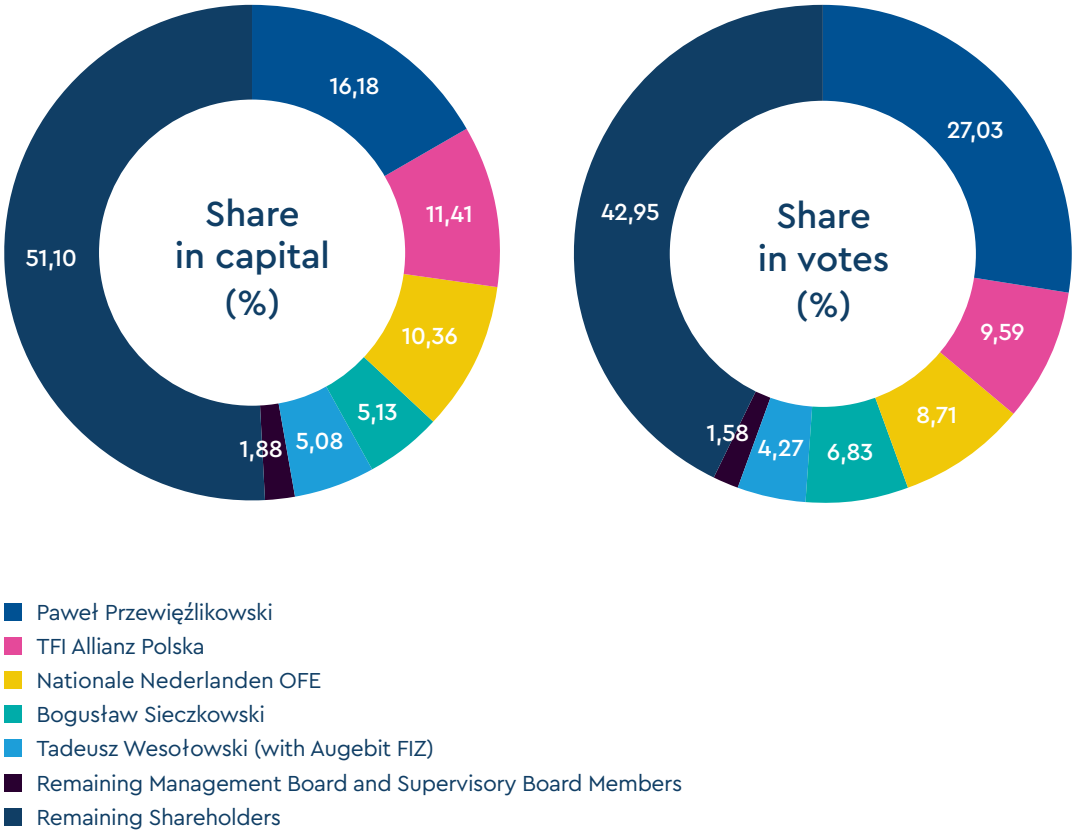
TABLE 16.

Shares held by significant Shareholders of the company as of the date of report publication

Shareholder	Shares	% shares	Votes	% votes
Paweł Przewięźlikowski	2 970 815	16,18%	5 902 815	27,03%
TFI Allianz Polska	2 093 826	11,41%	2 093 826	9,59%
Nationale Nederlanden OFE	1 901 959	10,36%	1 901 959	8,71%
Bogusław Sieczkowski	942 417	5,13%	1 492 417	6,83%
Tadeusz Wesołowski (with Augebit FIZ)	932 713	5,08%	932 713	4,27%

CHART 1.

Shares held by significant Shareholders of the company as of the date of report publication



12 — Additional information

Proceedings pending at court, before an arbitration institution or a public administration authority

Did not occur.

Significant non-arm's length transactions with related entities

Did not occur.

Warranties for loans and borrowings and guarantees granted

During the reporting period, no other warranties or guarantees were granted to secure loans or borrowings other than the one provided by Sevita S.A. for the loan dated 26 June 2024 described below.

Selvita Services sp. z o.o. and Selvita d.o.o. are guarantors (guarantors) of the credit agreement concluded on December 21, 2020 with Bank Polska Kasa Opieki S.A. with its registered office in Warsaw. The Credit Agreement provides for a mechanism for extending liability for obligations arising from the Credit Agreement to the Issuer's subsidiary in favor of the Lender, in the event that the Issuer's and Guarantor's share in the consolidated EBITDA of the Selvita S.A. Capital Group falls below 75%.

On June 26, 2024, Selvita Services Sp. z o.o. signed a current account credit agreement for up to EUR 1.9 million for the period until June 26, 2025. The guarantor is Selvita S.A. As of June 30, 2024, there was no debt balance.

On May 24, 2024, Selvita d.o.o. signed a current account overdraft agreement for up to EUR 1.2 million for the period until June 30, 2025. As of June 30, 2024, there was no outstanding balance.

On June 11, 2024, Selvita S.A. concluded a loan agreement with PozLab sp. z o.o. for up to PLN 2 million to finance its operating activities and the investment expenditures planned by this subsidiary. As of June 30, 2024, the use of this loan amounted to PLN 1.6 million.

On July 26, 2024, Selvita S.A. concluded a loan agreement with PozLab sp. z o.o. for up to PLN 1.6 million to finance operating activities, investment expenditures already incurred or repayment of existing debt. The full use of this loan by PozLab sp. z o.o. took place on August 9, 2024 and concerned the repayment of the debt held from the moment of taking control over this company.

On July 30, 2024, Selvita S.A. concluded a loan agreement with PozLab sp. z o.o. for up to PLN 2 million to finance its operating activities and the investment expenditures planned by this subsidiary. As of the date of this report, the use of the loan amounts to PLN 1.6 million.

Other information significant for the assessment of the Issuer's position in the area of human resources, assets, cash flows, financial results and changes thereof and information significant for the assessment of the Issuer's ability to settle its liabilities

Not applicable.

Factors which, in the Issuer's opinion, will affect the results over at least the following quarter

The results of the upcoming quarters will depend mainly on the following factors:

- Sales dynamics, new customers and extending the current offer
- Access to financing for biotech companies in the US
- The pace of integration of the acquired companies and the dynamics of sales of their services
- The level of investment in sales and marketing
- The level of investments in laboratory infrastructure, including in particular equipment
- Changes in currency exchange rates, especially EUR / PLN and USD / PLN.

Description of factors and events, in particular of an unusual nature, having a significant effect on the financial performance

Not applicable.

Explanations regarding the seasonal or cyclical nature of the Issuer's operations in the reported period

Not applicable.

Information on inventory write-downs to the net realizable amount and reversal of such write-downs

Not applicable.

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Information on impairment write-downs in respect of financial assets, tangible fixed assets, intangible assets or other assets and the reversal of such write-downs

Not applicable.

Information on the set-up, increase, utilization and reversal of provisions

Information on the changes in provisions for holidays and bonuses is provided in note 16 to the consolidated financial statements.

Information on deferred income tax provisions and assets

Information on deferred income tax provisions and assets is provided in note 6 to the consolidated financial statements.

Information on significant purchases or disposals of tangible fixed assets

Information on tangible fixed assets is provided in note 7 to the consolidated financial statements.

Information on significant liabilities in respect of purchases of tangible fixed assets

Liabilities arising from the purchase of tangible fixed assets as at 30/06/2024 amount to PLN 7,380 thousand.

Information on significant settlements resulting from court cases

Not applicable.

Error corrections relating to previous periods

Not applicable.

Information on changes in the economic situation and business conditions, which have a significant effect on the fair value of the entity's financial assets and financial liabilities

Not applicable.

Information on the failure to repay a loan or borrowing or a breach of significant terms and conditions of a loan agreement, with respect to which no corrective action had been taken by the end of the reporting period

Not applicable.

Information on changes in the method of valuation of financial instruments measured at the fair value

Not applicable.

Information on changes in the classification of financial assets due to a change in their purpose

Not applicable.

Information on the issue, redemption and repayment of non-equity and equity securities

None.

Information on dividends paid (or declared) in the total amount and per share, divided into ordinary and preference shares

Not applicable.

Events that occurred after the date for which the half-year financial statements were prepared, not disclosed in these financial statements although they may have a significant effect on the Issuer's future financial results

Not applicable.

Information on changes in contingent liabilities or contingent assets that occurred after the end of the last financial year

Information on changes in contingent liabilities or contingent assets is provided in note 20 to the consolidated financial statement.

Other disclosures which may have a material impact on the assessment of the Issuer's financial position and results of operations

Not applicable.

Amounts and types of items affecting the assets, liabilities, equity, net profit/ (loss) or cash flows, which are unusual in terms of type, amount or frequency

Not applicable. ●

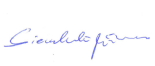
Management board statement on adopted accounting principles

The Management Board of Selvita S.A. confirms that, to the best of its knowledge, the half-year consolidated and standalone financial statements of Selvita Capital Group and Selvita S.A. have been prepared in accordance with the applicable accounting principles and reflect in a true, reliable and clear manner the financial situation of Selvita Capital Group and Selvita S.A. and its financial results.

Report of the Management Board on the activities of Selvita S.A. and Selvita Capital Group contains a true picture of the development and achievements as well as Group's situation, including a description of the basic threats and risks. ●

Management Board

Krakow, September 23, 2024



Dokument podpisany przez Bogusław Stanisław Sieczkowski
Data: 2024.09.23 15:52:43 CEST

Bogusław Sieczkowski
PRESIDENT OF THE MANAGEMENT BOARD

Dokument podpisany przez Miłosz Kazimierz Gruca
Data: 2024.09.23 14:34:46 CEST

Miłosz Gruca
VICE PRESIDENT OF THE MANAGEMENT BOARD

Dokument podpisany przez Mirosława Monika Zydroń
Data: 2024.09.23 14:59:38 CEST

Mirosława Zydroń
MEMBER OF THE MANAGEMENT BOARD

Digitally signed by Adrijana Vinter
Date: 2024.09.23 13:41:32 CEST

Adrijana Vinter
MEMBER OF THE MANAGEMENT BOARD

Dokument podpisany przez Dariusz Kurdas
Data: 2024.09.23 13:09:00 CEST

Dariusz Kurdas
MEMBER OF THE MANAGEMENT BOARD

Dokument podpisany przez Dawid Patryk Radziszewski
Data: 2024.09.23 15:15:19 CEST

Dawid Radziszewski
MEMBER OF THE MANAGEMENT BOARD

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